



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Jon M. Huntsman, Jr.
Governor

Kevin S. Carter
Director

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January 22, 2007

CERTIFIED MAIL # 7160 3901 9846 0715 2571

Black Sands Holding Company
2939 S. Tamarac Street
Denver, Colorado 80231

Attn: Frank Glinton

Notice to Commence Reclamation, Oil, Gas and Hydrocarbon Lease ML 47287
Division of Oil, Gas and Mining File # S/047/081

Dear Mr. Glinton:

It has come to the attention of the School and Institutional Trust Lands Administration that Black Sands Holding Company ("Black Sands") has not commenced with reclamation of the processing facility that is located on lands encompassed by former oil, gas and hydrocarbon lease ML 47287, Uinta County, Utah. The facility was put in place in order process bituminous and asphaltic sands from the referenced lease hold. As oil, gas and hydrocarbon lease ML 47287 expired on May 31, 2006, Black Sands no longer has authorization to use the surface of the lease hold for processing or storage purposes. Continued use of the processing site constitutes trespass on the land.

By this notice Black Sands is required to commence with removal of any remaining equipment and support facilities and commence with reclamation of the surface within 30 days of this date. Failure to timely commence with reclamation of the site will result in forfeiture of the reclamation bond posted with the Division of Oil Gas and Mining.

Sincerely

William M. Stokes
Minerals Resource Specialist

CC: Paul Baker, DOGM - S/047/081